## Message Text

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INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 /033 W ------031199 172117Z /63

R 171420Z JAN 78 FM AMEMBASSY PRAGUE TO SECSTATE WASHDC 4513

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E.O. 11652: NA TAGS: EAIR, CZ

SUBJECT: CIVAIR: LOW FARE FILINGS AND RELATED TOPICS

REFS A. STATE 1337, B. PRAGUE 3633, C. STATE 276158 D. PRAGUE 3227, E. STATE 264671

- 1. CHARGE' HANDED ZANTOVSKY, HEAD OF MFA'S SIXTH DEPARTMENT, NOTE JAN 16 BASED ON REF A AND RESPONDING TO MFA'S DEC 19 NOTE (REF B).
- 2. SUBSTANTIVE PORTIONS OF OUR NOTE (FULL TEXT BEING POUCHED)
  FOLLOWS: QUOTE: IN REPLY TO THE MINISTRY'S QUERY AS TO
  THE REASONS FOR THE UNITED STATES' DISSATISFACTION WITH THE TARIFF
  REVISIONS FILED BY CZECHOSLOVAK AIRLINES ON OCTOBER 14, 1977, THE
  EMBASSY HAS BEEN INSTRUCTED TO COMMUNICATE THE FOLLOWING.
  UNTIL THE COMPETITIVE IMPACT OF THE CURRENT RANGE OF NEW,
  LOW-FARE FILINGS CAN BE EVALUATED, THE UNITED STATES GOVERNMENT'S
  POSITION IS THAT THESE DEEP DISCOUNT FARES MUST BE CONSIDERED
  EXPERIMENTAL AND SUBJECT TO THE PROVISIONS OF AN AD HOC AGREEMENT,
  AS OUTLINED IN THE EMBASSY'S NOTE NO. 263 OF NOVEMBER 7, 1977.
  THE UNITED STATES GOVERNMENT IS NOT DISSATISFIED WITH LOWER FARES
  PERSE, BUT UNTIL IT IS CLEARER WHAT THEIR IMPACT WILL BE ON THE
  CURRENT STRUCTURE OF TRANSATLANTIC SERVICES AND PARTICULARLY ON
  THE CHARTER AIRLINES, THE UNITED STATES GOVERNMENT MUST CONSIDER
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THEM AS EXPERIMENTAL IN NATURE. THE FARES IN QUESTION CANNOT COME INTO

EFFECT UNTIL AN AD HOC AGREEMENT IS REACHED BY BOTH GOVERNMENTS THAT THESE LOW-FARE FILINGS ARE EXPERIMENTAL AND WILL NOT CONTINUE IN EFFECT AFTER MARCH 31, 1978, IF THE SUMMER 1978 SEASON SUCCEEDING LOW FARE FILINGS CANNOT BE AGREED UPON.

IN THIS REGARD, THE EMBASSY WOULD APPRECIATE RECEIVING THE MINISTRY'S RESPONSE TO ITS NOTE NO. 263 AT THE EARLIEST POSSIBLE DATE. UNQUOTE.

- 3. IN RESPONSE, ZANTOVSKY NOTED THAT CSA HAD FILED NEW FARES ONLY BECAUSE PAN AM HAD DONE SO. WE REMINDED HIM THAT WE ARE STILL AWAITING A REPLY TO OUR NOV 7 NOTE (REF D).
- 4. COMMENT: LOCAL PAN AM REP, COLLINS HAY, SAYS HE UNDERSTANDS FROM CSA SOURCE THAT GOC WOULD PROBABLY PROMPTLY AGREE TO AD HOC AGREEMENT (REFS D AND E) ON EXPERIMENTAL NATURE OF PROPOSED NEW LOW FARES IF IT WERE ASSURED THAT USG WOULD THEN ALLOW CURRENTLY SUSPENDED FARES TO GO INTO EFFECT IMMEDIATELY.
- 5. ACTION REQUESTED: SINCE EMBASSY UNDERSTANDS FROM REF C AND OTHER MESSAGES THAT USG WILL PROMPTLY LIFT SUSPENSION ONCE AD HOC AGREEMENT IS REACHED, WE WOULD APPRECIATE RECEIVING DEPARTMENT'S ADVICE ASAP AS TO WHETHER OUR INTERPRETATION IS CORRECT. IF SO, PLEASE ADVISE US WHETHER WE CAN SO INFORM MFA IN EFFORT TO PROD GOC INTO REACHING SUCH AN AD HOC AGREEMENT WITHOUT FURTHER DELAY. FROWICK

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## Message Attributes

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